

***ComEd's Proposed Implementation Plan
Renewable Energy Portfolio Standard***

***Illinois Commerce Commission
Electric Policy Committee
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Today's Presentation – Details and Challenges

Technical Timeline for Wind Development

Acquisition Timeline for Wind RPS

Combined Timelines for Wind Development and RFP

Timeline Challenges

Timeline Summary

Product Segments

ComEd Proposes a 3-Segment Solicitation

Wind Product

ComEd purchases energy and RECs from up to 250 MW of wind projects located in IL for the initial RFP solicitation for delivery December 31, 2006

Non-Wind Products (Quantity TBD)

- ComEd purchases energy and RECs from Tier I resources and RECs from Tier II resources for delivery beginning 2007
- Eligible resources located in IL for the initial RFP solicitation

Tier I Resources

- Landfill gas and digester gas to energy
- Biomass
- Small Hydro
- Solar

Tier II Resources

- Behind the meter renewable energy generators
- Includes net metering customers

Later solicitations may consider out-of-state resources. REC trading rules will be helpful.

Cost Recovery

- A cost recovery mechanism must be filed with the RFP program for ICC approval
 - PPAs entered into under an approved RFP program must be considered prudent for cost recovery
 - RFP design and administration costs incurred prior to 1/1/2007 must be accrued and amortized post-2006 per the approved mechanism
 - PPAs for energy and RECs entered into prior to ICC approval of the RFP program should be considered prudent if the all-in price is at or below the highest winning bid submitted in the RFP
 - Any RECs purchased prior to 12/31/2006 can be banked for future use and the costs accrued and amortized post-2006

- Results of the RFP will be reported to the ICC for market monitoring purposes

Next Steps

- Begin selection process for independent manager to administer the RFP
- Solicit Request for Information from wind developers
 - Need to assess status of current projects
- Begin preparing RFP process
 - Prepare RFP Protocol
 - Prepare RFP Response Format
 - Develop selection criteria
 - Prepare standardized PPA

- Prepare RPS cost recovery mechanism
- Continued open dialog with all stakeholders

Appendix

Proposed Terms

Proposed Terms

Wind Product

- Delivery Points:
 - Facilities greater than 10 MW – the generator bus
 - Facilities 1 –10 MW interconnected at 34 KV, the generator bus
 - Facilities under 10 MW – the ComEd Zone
- Target annual capacity factor of 32%
 - Supplier penalty for actual deliveries at less than 24% capacity factor equals difference between delivery at 24% and actual delivery X \$25/MWh
 - Penalties may be paid in the form of RECs from eligible wind resources
 - Actual performance in excess of 32% can be banked against future underperformance via a tracking account
- Contract term of 15 years
- Delivery term begins on or before 12/31/2006 for the first solicitation
- ComEd will pay only avoided cost for energy delivered prior to 1/1/2007 (generator retains RECs) unless ICC approves recovery for costs incurred prior to 1/1/2007
- Generators submit two bids: with and without a Federal PTC
- Pricing to be “back-end loaded” to mitigate near term rate impacts and allow maximum participation within customer impact constraints

Proposed Terms

Non-Wind Products – Tier I Resources

- Delivery Points:
 - Same as for wind
- Target capacity factor:
 - Generator will specify annual MWh production based on actual or expected production
 - Supplier penalty for actual deliveries at less than 75% of specified MWh equals difference between delivery at 75% and actual delivery X \$25/MWh
 - Penalties may be paid in the form of RECs from eligible resources
 - Actual performance in excess of specified production can be banked against future underperformance via a tracking account
- Contract term of 10 years
- Term begins on 1/1/2007 or during 2007 for first solicitation
- Clarify role of existing QSWEF contracts.

Proposed Terms

Non-Wind Products – Tier II Resources (behind the meter)

- Target quantity of RECs:
 - Generator or aggregator will specify an annual quantity of RECs based on actual or expected production
 - Supplier penalties – same as for Tier I Resources
 - No underperformance penalties assessed on facilities under 40 KW or aggregations of facilities under 40 KW
- Contract term of 3 years
- Term begins on 1/1/2007 or during 2007 for the first solicitation